

REPORT

DATE: June 16, 2005

TO: Administration Committee
Regional Council

FROM: Heather Copp *hc*
Chief Financial Officer/DBE Liaison Officer

SUBJECT: Approval of Draft Disadvantaged Business Enterprise (DBE) Goal and Methodology for Federal Fiscal Year (FY) 2005-2006

EXECUTIVE DIRECTOR'S APPROVAL:

Jim Bull

RECOMMENDED ACTION:

Approve Draft DBE Goal and Methodology for Federal FY 2005-2006 for release for public comment.

BACKGROUND:

On June 16, 2005, SCAG received the attached approval letter from the State Department of Transportation (Caltrans). Caltrans reviewed SCAG's Draft DBE Goal and Methodology for Federal FY 2005-2006 and determined that it meets the basic requirements of the applicable Federal regulation (49 CFR Part 26).

Upon approval by the Regional Council, SCAG will publish a notice of the Draft DBE Goal and Methodology for Federal FY 2005-2006, informing the public that comments will be accepted for forty-five (45) calendar days from the date the notice is advertised. The Public Notice will be placed in various newspapers, including minority newspapers, and on SCAG's website.

FISCAL IMPACT: *hc*

Cost for the Public Notice is approximately \$2,100. Source of funds: Indirect Overhead.

DEPARTMENT OF TRANSPORTATION
DISTRICT 7, OFFICE OF LOCAL ASSISTANCE AND
ALAMEDA CORRIDORS
100 S. Main St. 12th Floor
LOS ANGELES, CA 90012
PHONE (213) 897-0784
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June 16, 2005

Annual Overall DBE Goal Information & Methodology
Federal Fiscal Year (FFY) 2005-2006

Ms. Heather Copp
CFO / DBE Liaison Officer
Southern California Association of Governments
818 West Seventh St. 12th Floor
Los Angeles, CA 90017

Dear Ms. Copp:

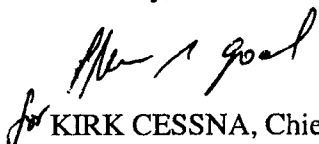
We have reviewed your Draft DBE Goal and Methodology for FFY 2005-2006. It meets the basic requirements of 49 CFR Part 26.

Now, you can advertise your DBE Goal for public participation and comments. The Public participation and commenting period is 45 days from the day of advertising your DBE Goal.

Once the commenting period (45 days) is over, please submit your final DBE Goal Information and Goal Methodology along with proof of publication, summary of comments and your responses for our review and approval. Final submittal is due on September 1, 2005.

Should you have any questions, please contact Sohan Basra of my staff at (213) 897-2931.

Sincerely,

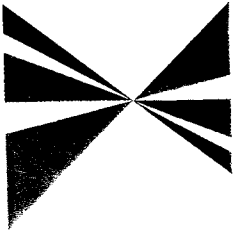

for KIRK CESSNA, Chief
Office of Local Assistance
and Alameda Corridors

Attachment

"Caltrans improves mobility across California"

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SOUTHERN CALIFORNIA



**ASSOCIATION of
GOVERNMENTS**

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Buenaventura • Toni Young, Port Hueneme

Orange County Transportation Authority: Lou
Correa, County of Orange

Riverside County Transportation Commission:
Robin Lowe, Hemet

Ventura County Transportation Commission:
Keith Millhouse, Moorpark

May 25, 2005

Mr. Kirk Cessna, Office Chief of Local Assistance
California Department of Transportation
700 N. Alameda Street, 4th Floor
Los Angeles, CA 90012

Attention: Mr. Sohan Basra

**RE: DRAFT ANNUAL OVERALL DBE GOAL INFORMATION FOR
FY 2005-2006**

Dear Mr. Basra:

The Southern California Association of Governments (SCAG) respectfully submits for your review and comments our annual overall goal information for the new Federal fiscal year (FFY). SCAG proposes an annual overall DBE goal of 7.5% for FFY 2005-2006 (October 1, 2005 through September 30, 2006).

The amount of overall goal, methodology, and breakout of estimated race-neutral and race-conscious participation are presented herein (see Attachment) in accordance with Title 49 of the Code of Federal Regulations Part 26, and as described in the *Local Assistance Procedures Manual* ("LAPM," March 2001).

A summary of the breakout percentages appears below.

Breakout of Estimated Race-Neutral and Race-Conscious Participation

6.75% (90% of the total goal of 7.5%) is broken-out as a race-conscious component. The remaining **.75%** (10% of the total goal of 7.5%) is spent using race-neutral means, where products and services are purchased from vendors based only on the lowest cost and best qualifications.

Heather Copp
CFO/DBE Liaison Officer

5/26/05
Date

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Doc. Number 110165



ATTACHMENT

DBE Goal Methodology

The Southern California Association of Governments (SCAG) FFY 2005-2006 Overall Work Program (OWP) is partly funded by the U.S. Department of Transportation (DOT) under a Consolidated Planning Grant (CPG), which includes funding from FHWA and FTA.¹ SCAG also receives funding from FAA and other Federal sources. The estimated value of DOT-assisted contracts and purchases identified in FFY 2005-2006 is as follows:

I. DOT-Assisted Contracting Program [49CFR 26.45(a)]: Anticipated Work Program for FFY 2005-2006

Work Category	NAICS Category	Estimated Dollar Value	% of Federal Funding by Work Category
Geographic Information System	541370	\$ 3,134,415*	100%
Transportation Planning Consulting	541614		
Environmental Consulting Services	541620		
Professional Services	541990		
TOTAL		\$ 3,134,415*	100%

*Excludes carry-over funding from the FY 2004-2005 OWP and are strictly for new contracts and purchase orders.

The types of projects funded from the above sources, will be directly administered by SCAG and include:

- Air Quality Management Plans
- Growth Visioning Studies
- Aerial Photography
- Regional Demographic Modeling and Area Income Modeling
- Air Cargo Studies
- Economic Modeling
- Environmental Impact Reports
- Goods Movement/Truck and Rail Studies
- Highway Studies and Highway Inventories
- Housing Needs Assessments and Strategies
- Parking Cost Modeling
- Regional Cordon Surveys
- Public Participation and Outreach
- Other Required Transportation Planning & Mandated Activities

II. DBE Goal Methodology [49CFR 26.45(b)]:
Definition of Base Figure [49 CFR 26.45(b)]

The base figure is defined as the relative availability of DBEs in relation to all comparable firms available in an agency's contracting market area.

$$\frac{\text{Number of Ready, Willing, and Able DBEs}}{\text{Number of All Ready, Willing, and Able Firms}} = \text{BASE FIGURE}$$

Step 1. Determination of a Base Figure [49CFR 26.45(c)]:

The base figure for the relative availability of DBE firms that are ready, willing, and able to participate in DOT-assisted contracting in the SCAG area are as follows:

	<u>Consulting/Professional</u>
Base Figure =	$\frac{100 (71)}{587}$
Base Figure =	12.10
Base Figure =	12%

SCAG determined the Base Figure by following the "Utilizing the Bidders List" methodology. SCAG maintains an internal database of consultants and vendors. Presently, SCAG's database provides the most accurate number of potential DBEs available in the SCAG area.

SCAG's database contains firms that provide the types of services utilized by SCAG in the six-county region (Los Angeles, Orange, Imperial, Ventura, San Bernardino, and Riverside counties). Since SCAG is a transportation planning agency, SCAG frequently contracts with transportation planning and environmental consultants throughout the region.

Therefore, based upon the ratio of DBE to non-DBE firms, the base figure is 12% for availability of participation by DBE firms.

Step 2. Adjusting the Base Figure [49CFR 26.45(d)]:

After determining the base figure of 12%, staff surveyed SCAG's records from Fiscal Year (FY) 03-04 and 04-05 to determine whether an adjustment of the base figure is necessary.

In the past year, the value of contracts awarded to DBE firms was approximately \$183,685, out of a total value of approximately \$1,669,764 awarded to vendors and consultants during the same period. Therefore, the percentage of work awarded to DBE firms, based on the total value of all contracts and purchase orders for the past year was 9%.

During FY 03-04, the the value of contracts awarded to DBE firms was approximately \$240,403, out of a total value of approximately \$5,531,233 awarded to vendors and consultants during the same period. Therefore, the percentage of work awarded to DBE firms, based on the total value of all contracts and purchase orders during FY 03-04 was 4%.

SCAG anticipates at least 7.5% participation by DBE firms for FY 05-06, with an adjustment downward from 12% to 7.5% considering past participation.

Resultant Goal [49 CFR 26.45(e)]: 7.5%

III. Breakout of Estimated Race-Neutral and Race-Conscious Participation [49 CFR 26.51]:

“Race-conscious measure or program” is one that is focused specifically on assisting only DBEs, including women owned DBEs” (LAPM, 9-1).

Under the above definition, SCAG employs the following race-conscious measure:

SCAG contracting procedures require that any proposal submitted without meeting the DBE goal or demonstrating good faith efforts to meet the DBE goal be automatically disqualified.

Since approximately 90% of the DOT-assisted funds received by SCAG are awarded to consultants through the selection process described above, 90% of the total goal should be broken-out as a race conscious component. The remaining 10% are spent using race-neutral means, where products and services are purchased from vendors based only on the lowest cost and best qualifications.

IV. Public Participation in Setting Overall Annual DBE Goal [49 CFR 26.45(g)]

Upon approval of this draft goal by Caltrans and SCAG’s governing body, the Regional Council, SCAG will publish a notice of the proposed overall goal, in compliance with 49 CFR 26.45(g) and the LACM.